

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
AID-05 EB-08 TRSE-00 OMB-01 /078 W
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TO SECSTATE WASHDC PRIORITY 0000

C O N F I D E N T I A L SECTION 1 OF 2 ADDIS ABABA 3608

E.O. 11652: GDS
TAGS: EINV, EAID, PEPR, ET, US
SUBJECT: AMBASSADOR AND MENGISTU'S POLITICAL ADVISOR DISCUSS
ETHIOP-US RELATIONS IN LIGHT OF COMPENSATION ISSUES

REF: ADDIS 3536

SUMMARY. MIKAEL IMRU, CHAIRMAN MENGISTU'S SENIOR POLITICAL ADVISOR, SEEMD TO UNDERSTAND URGENCY AND NEED FOR SIGNIFICANT PROGRESS ON COMPENSATION ISSUE DURING AUGUST 16 MEETING WITH AMBASSADOR. SYMPATHETIC TO THE IDEA OF A PRAGMATIC SOLUTION A LA KALAMAZOO, HE PROMISED TO DISCUSS MATTER WITH MINISTER OF INDUSTRY AND CHAIRMAN, HIMSELF. WE CANNOT, UNFORTUNATELY, BE SURE HE WILL CARRY THROUGH OR THAT HIS INTERVENTION WOULD BE EFFECTIVE. AS TIME IS RUNNING OUT, AMBASSADOR AND OTHER EMBOFF ARE LOSING NO OPPORTUNITY TO STRESS NEGATIVE EFFECT THE LACK OF PROGRESS WILL HAVE ON BILATERAL RELATIONS TO ALL LEVELS OF GOVERNMENT. IN EARLIER MEETING WITH PLANNING COMMISSIONER TAYE WORKU, AMBASSADOR FOUND HIM JUST AS OBTUSE AND NEGATIVE ON COMPENSATION ISSUE AS MIKAEL IMRU WAS POSITIVE AND FLEXIBLE. END SUMMARY.

1. MIKAEL IMRU, WHO IS PRESENTLY SENIOR POLITICAL ADVISOR TO CHAIRMAN MENGISTU, GAVE A SOMEWHAT SURPRISE APPOINTMENT
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TO AMBASSADOR ON AUGUST 16. THERE IS AMPLE BIO INFORMATION IN WASHINGTON ON THIS FORMER AMBASSADOR TO UNITED STATES AND TO SOVIET UNION, WHO HAS ALSO SERVED AS FOREIGN MINISTER AND IN UNCTAD DIRECTORATE IN GENEVA. HE WAS THE LAST PRIME MINISTER UNDER EMPEROR HAILE SELASSIE I. ALTHOUGH SEEMINGLY A PRIME CANDIDATE FOR EXECUTION BY PMGSE IN EARLY STAGES OF REVOLUTION BECAUSE OF HIS ARISTOCRATIC

BACKGROUND AND SERVICE TO EMPEROR ALONG SIDE WITH MANY OTHER VICTIMS OF REVOLUTION, MIKAEL IMRU SURVIVED. THIS IS PROBABLY BECAUSE OF HIS CREDENTIALS AS ONE OF THE MOST GENUINELY PROGRESSIVE TECHNOCRATS (AN OXFORD-TRAINED ECONOMIST) AND POLITICIANS OF THE ANCIEN REGIME. HIS ROLE TODAY IS STILL UNCLEAR, PARTICULARLY SINCE HE IS NOT KNOWN TO HAVE RECEIVED ANY WESTERN DIPLOMATS FOR AT LEAST ONE YEAR -- REASON FOR WHICH WE FIND HIS AGREEING TO RECEIVE AMBASSADOR INTERESTING -- BUT WE BELIEVE HE DOES HAVE AND USES HIS ACCESS TO MENGISTU.

2. AMBASSADOR TOOK ADVANTAGE OF MIKAEL IMRU'S EXPRESSED INTEREST IN ECONOMICS AS WELL AS POLITICS TO STRESS AND EXPLAIN IN DETAIL HOW LACK OF PROGRESS ON COMPENSATION ISSUE CAN LEAD ETHIOPIA AND US DOWN COLLISION COURSE. PROGRESS, ON OTHER HAND, WILL PERMIT US TO PROVIDE ECONOMIC DEVELOPMENT ASSISTANCE TO TOP PRIORITY OBJECTIVES OF PMGSE, PARTICULARLY A BETTER LIFE FOR THE MAJORITY OF ETHIOPIANS WHO ARE POOR PEASANTS. AMBASSADOR PROVIDED MIKAEL IMRU WITH TEXTS OF GONZALES AND HICKENLOOPER AMENDMENTS; LANGUAGE ON GSP; JANUARY 19, 1972, WHITE HOUSE POLICY STATEMENT ON NATIONALIZATION POLICY; AND STATEMENT ON U.S. POLICY CONCERNING VALUATION OF EXPROPRIATED PROPERTY. IMRU READ PARTS OF DOCUMENTS AND SAID HE WOULD STUDY, WHICH GIVEN HIS NATURE AND BACKGROUND HE PROBABLY WILL.

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3. AMBASSADOR MADE SAME DETAILED POINTS ON COMPENSATION HE HAD TO FOREIGN MINISTER THE WEEK EARLIER (REFTEL) AND IN THE LETTER HE HAD ADDRESSED TO CHAIRMAN MENGISTU THROUGH THE MINISTRY OF FOREIGN AFFAIRS. MIKAEL IMRU WARMED TO SUBJECT EARLY IN METING AND DISPLAYED BETTER UNDERSTANDING OF RELATIONSHIP BETWEEN PROGRESS ON COMPENSATION ISSUE AND OUR ABILITY TO CONTINUE TO HELP ETHIOPIA THAN ANY OFFICIAL OTHER THAN MAJOR DAWIT AND PERMSEC FINANCE ASFAW DAMTE. HE ALSO SEEMED TO UNDERSTAND IMMEDIATE ADVANTAGES TO ETHIOPIA OF "KALAMAZOO PROPOSAL" OF AMBASSADOR AND POINTED OUT IT WOULD SAVE ETHIOPIA ENORMOUS LEGAL FEES IN US TRYING TO RECOVER FROM KALAMAZOO.

4. HE CALLED THE PROPOSAL "AT LEAST UNIQUE" AND PROMISED TO TAKE IT UP RIGHT AWAY WITH MINISTER OF INDUSTRY TEFAYE KINKA WHOM HE DESCRIBED AS SOMEONE WITH A BUSINESS HEAD WHO WILL BE INTERESTED IN ANY PROPOSAL WHICH WILL HELP GOVERNMENT'S ETHIOPIAN SPICE EXTRATION COMPANY FACTORY TO OPERATE PROFITABLY. IN RESPONSE TO AMBASSADOR'S SUGGESTION THAT HE ALSO DISCUSS IT WITH CHAIRMAN MENGISTU, MIKAEL IMRU SAID HE WOULD BUT THAT IT WOULD BE BETTER TO PREPARE

THE WAY FOR THE CHAIRMAN'S CONSIDERATION BY GETTING
MINISTER OF INDUSTRY'S SUPPORT. ALTHOUGH MIKAEL IMRU'S
REACTION SEEMED FAVORABLE, WE ARE UNDER NO ILLUSIONS THAT
THOSE WHO ARE SIMPLY DEVOTED TO SABOTAGING PROSPECTS FOR
IMPROVED ETHIO-US RELATIONS OR THOSE WHO ARE MERELY WEARING
GREEN EYE SHADES VIS-A-VIS KALAMAZOO MAY NOT PREVAIL. FOR
THAT REASON, AMBASSADOR STRESSED NECESSITY FOR PROGRESS
WELL BEFORE END OF OUR FISCAL YEAR ON SEPTEMBER 30.

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ACTION AF-10

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C O N F I D E N T I A L SECTION 2 OF 2 ADDIS ABABA 3608

C O R R E C T E D C O P Y (CCY LINE 28 PARA 9 CHG WOULD TO READ
SHOULD)

5. MIKAEL IMRU HIMSELF REFERRED TO ELEMENTS IN PMGSE WHO
ARE OPPOSED TO ETHIOPIA'S DIVERSIFICATION OF ITS FOREIGN
RELATIONS, I.E., RE-OPENING TO WEST. HE EXPLAINED THAT
PREVIOUS US ABSTENTIONS IN IDLIS ON LOANS TO ETHIOPIA HAVE
BEEN BADLY MISUNDERSTOOD IN ETHIOPIA AS INDICATIONS OF
DETERMINED US OPPOSITION TO SOCIAL CHANGE IN THE COUNTRY.
SOME MISUNDERSTANDING AND EMOTIONAL REACTION WERE NATURAL,
BUT THERE ARE THOSE IN ETHIOPIA WHO JUMPED ON SUCH
VOTES DELIBERATELY TO DISTORT RELATIONS WITH US, HE SAID.
FOR THAT REASON, HE MADE RENEWED PLEA FOR SPECIAL CONSIDERA-
TION FOR ETHIOPIA WHICH IS STILL SUFFERING BOTH FROM ACTS
OF GOD (DROUGHT, ETC.) AND FROM WARS. AMBASSADOR EXPLAINED
THAT ETHIOPIA HAD INDEED ALREADY BEEN GIVEN SUCH SPECIAL
CONSIDERATION WITH REGARD TO COMPENSATION IN THAT US
HAD NOT PREVIOUSLY VOTED NO IN IDLIS OR CUT OFF AID. NODING
TOWARD DCM, AMBASSADOR POINTED OUT THAT MR. MATHERON
HAD HAD UNPLEASANT DUTY OF INFORMING GOVERNMENT LAST APRIL
THAT WE WERE ABSTAINING FOR THE LAST TIME; NEXT TIME VOTE
WOULD BE NO IF THERE WERE INSUFFICIENT PROGRESS ON COMPEN-

SATION. NOW TIME IS DEFINITELY RUNNING OUT.

6. IF ANYONE IN PMGSE HAS UNDERSTOOD POLITICAL IMPORTANCE
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OF SIGNIFICANT PROGRESS, IT IS MIKAEL IMRU. AS INDICATED
ABOVE, HOWEVER, WE DO NOT KNOW HOW EFFECTIVE HE WILL BE
IN PERSUADING MINISTER OF INDUSTRY AND EVENTUALLY CHAIR-
MAN MENSITU, HIMSELF, THAT ETHIOPIA MUST ACT FAST. IN THIS
REGARD, MIKAEL IMRU PROMISED THAT HE WILL SUPPORT AMBASSADOR'S
REQUEST THROUGH MOFA TO SEE MENGISTU AS WELL AS MINISTER
OF INDUSTRY. (REQUEST WILL BE SUBMITTED AUGUST 17.)

7. MEETING APPROACHED ITS END WITH REQUEST FROM MIKAEL
IMRU THAT AMBASSADOR GIVE HIS VIEWS ON OTHER FACTORS IN
ETHIO-US RELATIONS. AMBASSADOR MADE POINTS ON SOMALIA
PROVIDED IN STATE 185970 AND PREVIOUSLY GIVEN TO MOFA.
ON ERITREA HE MADE POINTS REPORTED ADDIS ABABA 3536 ON
MEETING WITH FOREIGN MINISTER FELEKE.

8. WE ARE PLEASED THAT CONTACT HAS BEEN REESTABLISHED
WITH THIS INTERESTING MAN, AND IF HE IS CONSTRUCTIVE IN
GETTING MOVEMENT ON COMPENSATION, WE WILL BE LOOKING FOR-
WARD TO DISCUSSING OTHER OF OUR PROBLEMS, PARTICULARLY IN
THE ECONOMIC FIELD, WITH HIM IN THE FUTURE.

9. AMBASSADOR AND ACTING AID DIRECTOR MET EARLIER
AUGUST 16 WITH PLANNING COMMISSIONER TAYE WORKU. HE WAS
AS OBTUSE AND NEGATIVE WITH REGARD TO BOTH ASSISTANCE TO
AID CONTRACT PERSONNEL IN THE FIELD AND COMPENSATION ISSUE
AS MIKAEL IMRU WAS POSITIVE AND FLEXIBLE. PLANNING
COMMISSIONER SAID HE HAD SERVED ON COMMITTEE WHICH SOME
WEEKS AGO HAD DECIDED THAT PMGSE WOULD INITIATE LEGAL
ACTION AGAINST KALAMAZOO IN THE US. HE SEEMED SURPRISED
AT AMBASSADOR'S REJOINDER THAT AS FAR AS HE KNEW LEGAL
ACTION HAD NOT BEEN INITIATED ALTHOUGH COUNSEL HAD BEEN
RETAINED. TAYE WORKU ALSO SAID HE HAD SERVED ON COMMITTEE
WHICH EVALUATED PERCENTAGE OF SHARES TO BE TAKEN IN EACH
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OF VARIOUS NATIONALIZED COMPANIES. HE MADE MUCH OF FACT
THAT KALSEC SUCCESSOR FIRM, A SHARE COMPANY, HAD REFUSED
TO CONCEDE THAT TAKING OF MAJORITY CONTROL OF MAJORITY
SHARES OF AN ETHIOPIAN COMPANY CONSTITUTED NATIONALIZATION.
AMBASSADOR POINTED OUT THAT NEITHER EMBASSY NOR KALSEC
HAD EVEN BEEN INFORMED AS TO WHAT PERCENTAGE OF SHARES

HAD BEEN TAKEN BUT THAT WHEATEVER SHARE HAD BEEN TAKEN, IT
CONSITUTED NATIONALIZATION WITHIN US AND GENERAL INTER-
NATIONAL LAW UNDERSTANDING OF CONCEPT. TAYE WORKU EMPHASIZED
THAT PMGSE WAS OPERATING ON PRINCIPLES ADOPTED EARLY IN
REVOLUTION AND WOULD STICK BY THEM NO MATTER WHAT THE COST.
HE BRUSHED ASIDE POSSIBLE HIGH COST OF LITIGATION IN US
AS IRRELEVANT IN DEFENSE OF PRINCIPLE. TAYE WORKU ALSO WAS
DOCTRINAIRE AND EVASIVE. FOR EXAMPLE, WHEN SHOWN
NOTE DELIVERED TO FOREIGN MINISTER CONCERNING ASSURANCE
THAT AID REPS SHOULD BE PERMITTED TO CARRY OUT THEIR
DUTIES NOT ONLY WITHOUT HARASSMENT FROM LOCAL
OFFICIALS BUT ALSO WITH THEIR FULL COOPERATION AND
ASSISTANCE, TAYE WORKU SAID THIS WAS INDEED PROPERLY A
MATTER FOR THE FOREIGN OFFICE, ALTHOUGH HE SUBSEQUENTLY
RELUCTANTLY CONCEDED THAT HIS OFFICE HAD BEEN INVOLVED
OVER THE YEARS IN ATTEMPTING TO MITIGATE AND PAPER OVER
INCIDENTS INVOLVING AID TECHNICIANS FROM VARIOUS COUNTRIES
AND INTERNATIONAL ORGANIZATIONS. HE DID NOT SEEM DISPOSED
TO EXERT ANY EFFORT AMELIORATE SITUATION WITH REGARD TO
US CONTRACT PERSONNEL.
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